



SILVERLAKE AXIS LTD

(Incorporated in Bermuda)

(Company Registration No. 32447)

PRESS RELEASE - FOR IMMEDIATE RELEASE

Silverlake Reports Significant Jump in Net Profit to RM846.0 million in FY2017

- *Lower contributions were recorded from project related revenue segments but recurrent revenue segments continued to grow as customers deferred capital expenditures amidst cautious business sentiments and shifted spendings to enhance IT systems*
- *Other income surged to RM807.9 million due to capital gain of RM480.4 million from disposal of 34.9 million GIT shares and the mark-to-market accounting gain of RM294.8 million on the reclassification of the remaining interest in GIT from investment in associate to available-for-sale financial assets*
- *Strong balance sheet with large net cash position of RM629.8 million as of 30 June 2017*
- *With proposed final dividend of Singapore cents 0.3 and special dividend of Singapore cents 1.0 per share, total dividend for FY2017 amounted to Singapore cents 4.5 per share, an increase of 50% over Singapore cents 3.0 per share for FY2016*

Singapore, 25 August 2017 – Singapore Exchange Mainboard listed Silverlake Axis Ltd (“SAL” or the “Group”), a leading provider of Digital Economy Solutions and Services to major organisations in Banking, Insurance, Payment, Retail and Logistics industries, today announced its results for the fourth quarter and full year ended 30 June 2017.

FY2017 and Q4 Results Review

The Group operated under challenging business conditions in FY2017 as customers deferred and reduced IT capital expenditures amidst uncertainties in the regional economies. This resulted in lower value of project related revenues booked during the year. The decrease in project related revenues was partially moderated by higher contributions from the recurrent revenue segments which continued to grow in FY2017. Notwithstanding the improvement in the recurrent businesses, group revenue declined 20% to RM506.4 million.

Due to the decrease in revenue, gross profit declined 28% to RM277.2 million. During the year, the Group disposed 34.9 million shares in Global Infotech Co Ltd (“GIT”) and recorded a gain of RM480.4 million. Following SAL’s cessation of significant influence over GIT, the reclassification of the remaining 9% interest in GIT from investment in associate to available-for-sale financial assets resulted in a mark-to-market accounting gain of RM294.8 million in FY2017. Consequently, other income rose substantially to RM807.9 million. Boosted by the surge in other income, net profit attributable to shareholders jumped 209% from RM273.8 million in FY2016 to RM846.0 million in FY2017. Excluding the gains and tax expenses associated with disposal of GIT shares and mark-to-market accounting gain on interest in GIT, the Group reported a profit after tax attributable to shareholders of RM160.7 mil in FY2017.

In Q4 FY2017, Group revenue was 25% lower at RM124.9 million. The significant increase in other income was mainly attributed to higher foreign currency exchange gains from translation of bank balances denominated in foreign currencies. Due to lower group revenue and gross profit, net profit attributed to shareholders declined to RM32.7million in Q4 FY2017.

In an effort to return a portion of the gains from the sale of GIT shares to shareholders, the Board proposed final and special dividends of Singapore cent 0.3 per share and Singapore cent 1.0 per share respectively. Together with the interim dividends, total dividends for FY2017 amounted to Singapore cent 4.5 per share, an increase of 50% over FY2016.

Prospects

Following a period of slowdown in IT expenditures by banks in 2016, the Group is seeing an improvement in the demand for software projects in 2017. As customers start to prioritise IT capital expenditures for digital banking, the Group is likely to benefit from higher demand for project related services. “Since the beginning of the year, we have been more active in responding to requests for proposals and is engaging existing and potential customers for core IT replacements and digital banking upgrades. Based on our current order books for projects, we expect to see an improvement in project related licensing and services revenue in FY2018,” commented Dr. Raymond Kwong, Managing Director of SAL.

The reduction in the Group’s stake in GIT from 20.01% to 9.24% raised approximately RM502.8 million in proceeds, net of capital gain tax. The Group expects the majority of these proceeds to be repatriated from China in FY2018 and will deploy the proceeds towards payment of special dividends as well as acquisitions to expand its portfolio of Fintech and Insuretech software products and services to address the growing demand for transformational digital banking and insurance offerings.

This press release should be read in conjunction with SAL’s Q4 and FY2017 results announcement released on 25 August 2017 to the Singapore Exchange.

About Silverlake Axis

Silverlake Axis Ltd (SAL) provides financial services technology to the Banking, Insurance, Payment, Retail and Logistics industries. Founded in 1989, SAL has built an impeccable track record of successful core banking implementations.

Together with our acquired subsidiaries (Merimen Group, Cyber Village, QR Retail Automation Group, Symmetric Payments and Integration, Symmetri Group) and associate (Finzsoft Solutions Ltd listed on NZX), we have transformed and created value for over 300 customers and their ecosystems. Our geographical presence spans across Asia, Middle East, Central Europe, Australia and New Zealand.

Under Axis Systems Holdings Limited, SAL was listed on the SGX-SESDAQ on 12 March 2003. It was renamed Silverlake Axis Ltd in 2006 following the acquisition of SAACIS, the company that owns the Silverlake Integrated Banking Solution (SIBS) and the listing was transferred to the Mainboard of the Singapore Exchange on 22 June 2011. For more information about SAL, please visit www.silverlakeaxis.com.

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